

## Senate Local Government and Elections Committee

October 2, 2013

### Rental Registration and Inspection Program in Grand Haven, Michigan



Rental property owners provide a crucial service to Michigan's residents. Rental housing is a viable and healthy option for many Michigan residents, and a robust, varied housing market depends on well-maintained and profitable rental housing stock in all localities across our State. Because of a small minority of investors in rental property who would place profit above human safety, it is essential that we in local government provide a responsible, consistent and affordable registration and inspection program.

The City of Grand Haven dutifully and consistently inspects rental units pursuant to State Statute and local ordinance. The people of Grand Haven have an expectation that local government is maintaining a responsible program to register rental owners and check conditions of those premises at reasonable intervals. Local property values are sustained in part due to the consistent application of rental policies, and complaints from rental owners are exceedingly rare. Complaints from neighbors about the poor condition of some housing are exceedingly common. The registration and inspection of rental properties in our State is a highly valued and essential service that local government provides to our residents.

#### No Complaints

The single complaint about rental registration policies received in the Grand Haven City Manager's Office in the past ten years was from a flagrant repeat violator who refused to register rental units. This same owner was found to have had similar violations in a neighboring municipality.

The City charges a reasonable fee to ensure that the general taxpayer is not subsidizing rental business in the City. It is clearly a user fee, and we have received only one formal complaint regarding this fee from rental owners.

#### Six Years?

Many conditions found during routine inspections are easily corrected – a missing GFI outlet, an egress door that is blocked, a battery in a smoke detector or a sewage system that does not drain are easy to fix. Left for six years, these simple and routine corrections can become a real threat to human life. Also, some conditions that can be corrected with minimal investment (leaking roof) can, if left for several years, cause considerable structural damage to local housing stock. The periodic inspection is a wonderful review for most landlords, and the advice they receive from licensed, experienced inspectors comes at no extra charge.

#### Fees?

Chapter 9, Article X of the City of Grand Haven Code of Ordinances requires registration and inspection of rental properties in the City of Grand Haven consistent with controlling State Statute.

The City charges a fee of \$35 per year per unit to register and inspect rental units, or \$105 every three years. The average rental unit is inspected twice in a three year period at a cost to the City of \$40 per inspection. Cost is estimated at \$8.33 per year per unit to cover administration, or \$25 over three years.

The expense of operating this program per year is estimated at **\$52,500**. The actual revenue last audited year was **\$49,745**. By law we cannot charge more than our cost for our rental inspection program. We work very hard to maintain balance; we cannot charge more without violating the law, we cannot charge less without violating the public trust that we are not using General Fund resources to subsidize private rental businesses.

#### **Lessee Permission?**

The cost of an inspection includes administrative charges. This process is not very simple and represents a considerable portion of the expense of running the program. The occupants are not known to the City – the registration does not require the owner to disclose who they rent to. Finding the lessee can take a considerable effort, adding to the cost and creating unnecessary administrative burden. No inspector would ever enter premises where the occupant refuses access. The lack of an inspection would result in the revocation of the certification, resulting in a legal process resulting in fees, fines, evictions and litigation.

Some tenants will not readily grant access as they are frightened that a bad inspection could lead to their eviction. I have witnessed citizens living in squalor, with the belief that their current residence is the only option available. I have seen children living in houses with no running water, with a bath tub half full of human waste the only means of evacuating their bowels. I have seen families sleeping on filthy kitchen floors, the only source of heat a gas stove with no ventilation. Landlords were unaware of these conditions, and the occupants did not want anyone coming in and looking around. Obviously, these conditions need to be corrected more often than once every six years.

Senate Bill 313 is overreaching, protects no one, assumes local officials are insensitive to the business interests of our local owners and addresses a problem that does not exist in Michigan. I urge you to retain current laws that protect our neighborhoods and leave the expense for that oversight where it belongs: on the users of the service.

**Pat McGinnis, City Manager**